

HOUSE BILL 1877

By Curcio

AN ACT to amend Tennessee Code Annotated, Title 8,  
Chapter 27, Part 3 and Title 49, relative to health  
coverage.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 8, Chapter 27, Part 3, is amended by  
adding the following as a new section:

**8-27-307.**

(a) As used in this section, "costs savings" means the money the state and local governments save due to an eligible instructional employee not enrolling in a health plan established pursuant to this part.

(b)

(1) An eligible instructional employee who does not enroll in a health plan established pursuant to this part and is eligible for a health savings account pursuant to federal requirements shall receive the costs savings in a health savings account for the eligible instructional employee.

(2) An eligible instructional employee who does not enroll in a health plan established pursuant to this part and is not eligible for a health savings account pursuant to federal requirements shall receive the costs savings in a flexible spending account for the eligible instructional employee.

(3) A health savings account and flexible spending account may only be used for expenses paid by the instructional employee for medical care as described in § 213(d) of the Internal Revenue Code (26 U.S.C. § 213(d)).

(c) An eligible instructional employee who obtains a health savings account or flexible spending account pursuant to subsection (b) may contribute additional funds to the instructional employee's respective account through payroll deduction.

(d) A vendor, approved by the division of benefits administration within the department of finance and administration, shall administer health savings accounts and flexible spending accounts created pursuant to this section.

(e) Health savings accounts and flexible spending accounts established pursuant to this section must comply with federal law and regulations.

SECTION 2. Tennessee Code Annotated, Section 8-27-303(a)(1)(A), is amended by deleting the subdivision and substituting:

(A) From the appropriations made each year in the general appropriations act to execute this part, the department of education is authorized to pay:

(i) On behalf of each eligible instructional employee of a local education agency, and the employee's dependents, an amount, determined annually in the general appropriations act, on the total cost of the person's participation in the basic health plan; and

(ii) On behalf of each eligible instructional employee of a local education agency who participates in a health savings account or flexing spending account pursuant to § 8-27-307, an amount equal to the costs savings as determined in accordance with § 8-27-307.

SECTION 3. Tennessee Code Annotated, Section 8-27-303(a)(1)(B), is amended by deleting the subdivision and substituting:

(B) Each local education agency shall pay on behalf of each instructional employee participating in the health insurance coverage authorized by § 8-27-302(a) or in a health savings account or flexible spending account authorized by § 8-27-307, at a

minimum, the percentage specified in the general appropriations act of the premium collected on behalf of each instructional employee of the local education agency.

SECTION 4. This act takes effect July 1, 2022, the public welfare requiring it.